Message Text

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ACTION EB-07

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E.O. 11652: N/A

TAGS: EAIR, PFOR, CZ, US

SUBJECT: EXTENSION OF CZECHOSLOVAK-US AIR TRANSPORT AGREEMENT

- 1. CHIEF OF FONMIN SIXTH DEPARTMENT JAROSLAV ZANTOVSKY REQUESTED DCM AND EMBOFF (KAHANE) TO CALL ON HIM JANUARY 7TH FOR PRELIMINARY DISCUSSION OF RENEWAL OF CZECHOSLOVAK-US AIR TRANSPORT AGREEMENT. AGREEMENT OF FEBRUARY 28, 1969, AS OF NOTES OF MAY 28, 1974, IS SCHEDULED TO EXPIRE MAY 31, 1975.
- 2. MOOD OF DISUCSSION, DURING WHICH ZANTOVSKY WAS FLANKED BY REPRESENTATIVES OF FEDERAL MINISTRY OF TRANSPORT, WAS FRIENDLY AND INFORMAL. ZANTOVSKY NOTED RECENT PURCHASES BY CZECHOSLOVAKIA OF US-MADE AIRPORT RADAR AND RADIO EQUIPMENT, AND HE APPROVINGLY COMMENTED ON THE GOOD WORKING RELATIONSHIP BETWEEN CZECHOSLOVAK CIVIL AVIATION AUTHORITY AND AMERICAN FAA WHICH HAD DEVELOPED FOLLOWING 1974 VISIT TO CZECHOSLOVAKIA BY FAA ADMINISTRATOR BUTTERFIELD.
- 3. CITING PARAGRAPH 6 OF 1972 PROTOCOL ("THE CONTRACTING PARTIES WILL CONSULT, AT THE REQUEST OF EITHER, . . ., TO CONSIDER FURTHER EXTENSION OF THE AIR TRANSPORT AGREEMENT."), ZANTOVSKY SAID THAT CZECHOSLOVAK SIDE WISHED TO MOVE FORWARD WITH LIMITED OFFICIAL USE

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IMPROVEMENT OF RELATIONS AND RENEGOTIATE 1972 PROTOCOL.

ZANTOVSKY CLAIMED THAT 1972 PROTOCOL HAD BEEN DESIGNED TO ASSIST AMERICAN CARRIER TO IMPROVE ITS POSITION; HE ADDED THAT AVAILABLE DATA AND IMPRESSIONS SHOWED THAT PAN AMERICAN HAD INDEED SHOWN MARKED UPSWING IN BOTH PASSENGER AND FREIGHT TRAFFIC ON PRAGUE-NEW YORK RUN, AND THAT THIS UPSWING WAS DUE TO "COOPERATIVE" ATTITUDE ADOPTED BY CZECHOSLOVAK AUTHORITIES IN GENERAL AND CSA IN PARTICULAR.

- 4. ZANTOVSKY SAID THAT CZECHOSLOVAK SIDE FELT TIME WAS RIPE FOR CSA TO BE GIVEN "EQUAL TREATMENT." IN RENEGOTIATION OF PROTOCOL, CZECHOSLOVAKS WOULD THEREFORE PRESS FOR FOLLOWING ITEMS, INTER ALIA:
- A. RIGHT OF CSA TO ISSUE TICKETS, EITHER ON THEIR OWN STOCK OR ON PAN AM STOCK, AT CSA OFFICES IN UNITED STATES.
- B. RIGHT OF CSA TO ISSUE TICKETS IN USA AGAINST PREPAID TRAVEL ADVICES ORIGINATING IN CZECHOSLOVAKIA.
- C. BETTER ACCESS TO U.S. TRAVEL AGENTS.

 (COMMENT: LOCAL PAN AM REP HAD PREVIOUSLY INDICATED TO US THAT PAN AM WOULD VIGOROUSLY OPPOSE SUCH ITEMS BECAUSE OF INTERNAL BUREAUCRATIC RESTRICTIONS TO WHICH PAN AM WOULD CONTINUE TO BE SUBJECT IN CZECHOSLOVAKIA. WE SUSPECT THAT HISTORY OF ALLEGATIONS OF CSA KICKBACKS, CUT-RATE TICKETS, ETC., IN USA WOULD ALSO BE OF CONCERN TO PAN AMERICAN.)
- 5. NOTING THAT 1969 AGREEMENT AND 1972 PROTOCOL HAD BEEN NEGOTIATED IN WASHINGTON (ALTHOUGH PROTOCOL WAS ACTUALLY SIGNED IN PRAGUE), ZANTOVSKY PROPOSED PRAGUE AS VENUE FOR RENEGOTIATION AND SUGGESTED EXPERT-LEVEL TALKS BE OPENED IN LATE JANUARY OR FIRST WEEK OF FEBRUARY.
- 6. EMBOFFS PROMISED TO INFORM DEPARTMENT PROMPTLY OF CZECHOSLOVAK PROPOSALS AND TO COMMUNICATE RESPONSE ON RECEIPT. ON HIS OWN HOOK DCM COMMENTED THAT WITH AIRLINE SITUATION WHAT IT WAS, HE PERSONALLY WOULD NOT BE TOO SANGUINE ABOUT AGREEMENTS TO CHANGE FROM US SIDE. COMMENT: MINISTRY OF TRANSPORT REPS, WHILE GOING THROUGH MOTIONS OF SEEKING US CONCESSIONS, SEEMED TO BE FULLY AWARE OF UNLIKELIHOOD AT THIS JUNCTURE OF GETTING MUCH OF WHAT THEY WANT.

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7. LOCAL PAN AM REP INFORMED AMBASSADOR JANUARY 9 THAT ODDS WERE 80 TO 20 THAT PAN AM WOULD CEASE OPERATIONS INTO PRAGUE ON MAY 22. APPARENTLY SOME AGREEMENT HAS BEEN REACHED BETWEEN PAN AM AND TWA AWARDING TWA PAN AM'S NEW YORK-VIENNA FLIGHT. PAN AM MAY THUS SWITCH THE NEW YORK-PRAGUE FLIGHTS TO BUDAPEST-BUCHAREST. IF PAN AM CEASES TO OPERATE INTO PRAGUE LOCAL PAN AM REP EXPECTS THAT HIS COMPANY WILL TRY TO PERSUADE DEPARTMENT NOT TO

RENEW AIR TRANSPORT AGREEMENT IN ORDER TO REDUCE NUMBER OF TRANSATLANTIC CARRIERS. IN EMBASSY VIEW, FAILURE TO RENEW AGREEMENT COMING OF HEELS ON LONG/GRAVEL MIGHT INDICATE TO CZECHOSLOVAKS THAT WE HAVE NO FURTHER INTEREST IN IMPROVING RELATIONS. IF THEY BEGIN TO BELIEVE THIS THE FATE OF SUCH PROJECTS AS THE CONSULATE GENERAL IN BRATISLAVA IS VERY MUCH IN DOUBT. THEREFORE EMBASSY RECOMMENDS THAT TALKS FOR RENEWAL OF AGREEMENT BE PLANNED AT TIME CONVENIENT FOR US SIDE.UESHERER

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